



Tristate Midstream

RRC Natural Gas Workshop
Wednesday, March 12, 2014

Mark Oliver
Vice President of Operations

Tristate Midstream - Overview

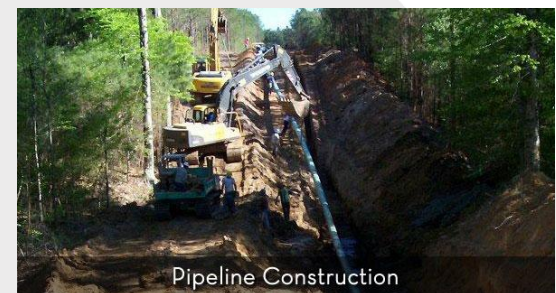
- Provide natural gas Gathering and Handling for wellhead producers
- Acquire, construct, and operate various pipeline systems across East TX
 - Primarily Harrison, Rusk, Freestone, and Leon Counties
 - Approximately 400 miles of pipe
 - 20 distinct systems
 - 350 receipt meters/wells
- Headquarters in Denton, TX
- All operations managed out of Longview, TX
 - Operations responsibilities include:
 - Physical operations of pipelines
 - Maintenance of receipt meters
 - Onecall and leak/incident response
 - Management of new pipeline construction and maintenance



Treating & Processing Facilities



Gathering



Pipeline Construction

Vehicle Fleet

Five 2013 Dodge Ram 2500 Bi-Fuel CNG/Gasoline

Acquired from **Peters Dodge in Longview** in the last 18 months

Bi-Fuel CNG/Gasoline

Built on assembly line and delivery through dealer (not retrofit)



Vehicle Experience

~125,000 miles accumulated across the fleet since purchase

Approximately 80% on CNG

Forecast 30,000 miles per year per vehicle * 80% = demand of 1,920 GGE of CNG/yr/vehicle

Maintenance – No issues, full warranty service available at the local dealer

Minor incremental cost of periodic filter replacement.

Useability

No problems, differences from Gasoline equivalent

Bed storage space constraint is a negative, but can be worked around

Performance

Overall ~12-13mpg, speculate there is no material difference from gasoline

Actual useable CNG capacity ~18-19 GGE

Results in CNG range of ~230 miles (plus 400 miles on gasoline)

Trailer towing has been tested and performs equivalently to gasoline under load

Economics

Upcharge of \$10,000 for CNG from gasoline equivalent

Witnessed fuel price savings in 2013 of approximately \$1.25/GGE

Forecast fuel price savings 2014+:

Payout expected at 125,000 miles (Year 4.2 of ownership) at 80% CNG usage

Payout could be at 100,000 miles (Year 3.3 of ownership) if 100% CNG usage.

Station Locations and Range:

Range:

Area shown represents safe range for round trip plus some local mileage at destination on 100% CNG.

Assumes ~200 miles on full fill.

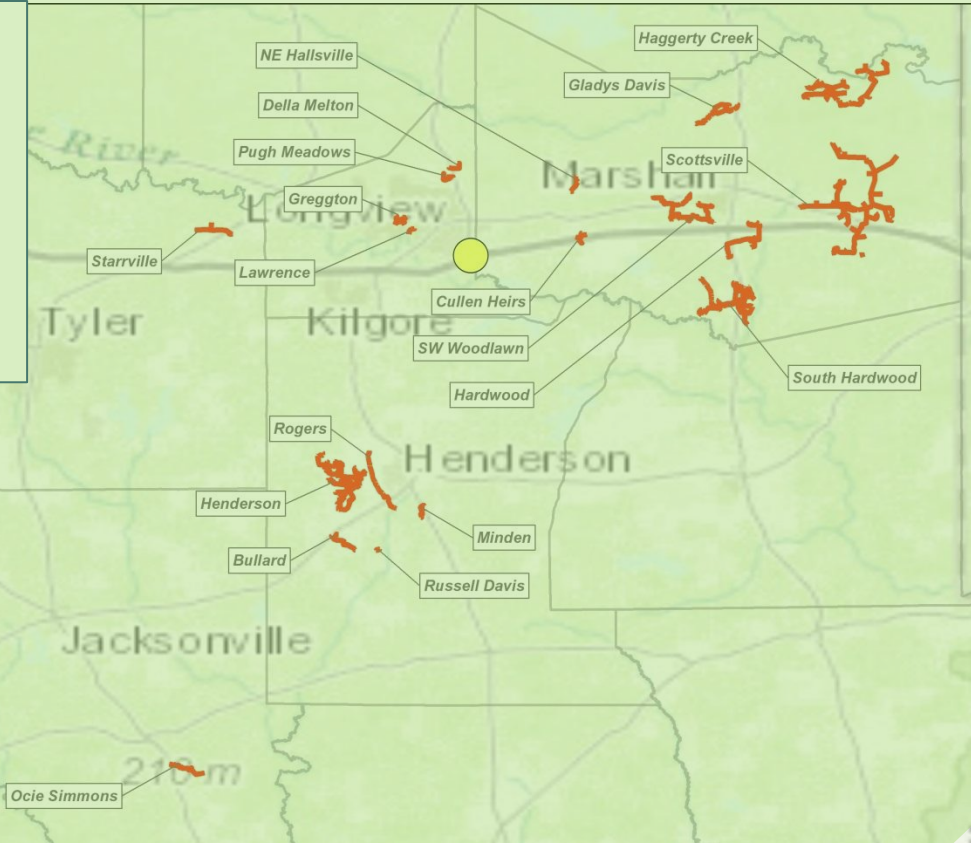
Fueling at Independence Station in Longview
~90+% of current routes are within green range.



Stations:

Additional stations in Streetman, Fairfield, Athens, and/or Buffalo would provide 100% range coverage.

If dedicated CNG, range would be expanded due to larger tanks in lieu of gasoline tanks.



Suggestions

Need more stations

Need vehicle manufacturers to get on board

May require regulatory support/incentives

- Economics stand along
- But requires initial risk capex
- Regulatory help needed to de-risk a portion of that capex
- Business is easily sustainable on its own but needs help getting started

Contact



Mark Oliver
Vice President of Operations
Tristate Midstream
(903) 720-4725
3119 S. Eastman Road
Longview, Texas 75602
marko@tsmidstream.com
www.tsmidstream.com